

AML KYC PROCEDURE

Table of Contents

1. Introduction	2
2. Scope	2
3. Definitions	2
4. References	3
5. Due Diligence Requirements.....	3
6. Politically Exposed Persons and EDD Measures	4
7. Reliance on External Services.....	5
8. Record Retention	5

1. Introduction

The South Africa's Anti Money Laundering laws and regulations lay down guidelines to protect and preserve the integrity of the South African financial system to ensure that South Africa shall not be used as a money laundering site for the proceeds of any unlawful activity. This framework includes the application of a risk-based approach, customer due diligence ("CDD") measures, reporting of suspicious transactions, policies and procedures, record keeping and training.

2. Scope

The 'South Africa- AML KYC Regulations' report is used as a reference to highlight information from the South Africa's '*Anti-Money Laundering and Counter-Terrorism Financing Legislation*'.

Under the guidelines from the Financial Intelligence Centre (FIC), South African Reserve Bank and the aforementioned Act(s), this document highlights the necessary requirements for AML and KYC procedures, in particular, Identity Verification required in South Africa. These requirements are approximated from relevant information/laws/directives from the aforementioned document.

3. Definitions

- **Customer/User** - gazataDotCo customer whose subject to the KYC – AML checks, who will be using our online platform as a Lender or Borrower.
- **Document Verification** - The process of verifying the authenticity of a government issued identity document.
- **Identity Verification** - The process of verifying the identity of the users, Lenders and Borrowers
- **Proof of Identity** - Any government-issued identity document that can be used to identify an individual (natural person).
- **EDD** - Enhanced Due Diligence (EDD) is a process that executes a greater level of scrutiny related to potential business relationships.
- **Third-Party Diligence** - Outsourcing of the due diligence process to an external party who's primary business is originally responsible for carrying out due diligence activities.
- **PEP** - Politically Exposed Person (PEP) is a person with a higher risk for potential involvement in bribery and/or corruption.
- **Due Diligence** - Refers to the measures taken to mitigate risk before entering into an agreement or carrying out a financial transaction with another party.

4. References

- [Anti-Money Laundering and Counter-Terrorism Financing Legislation](#)

5. Due Diligence Requirements

5.1 Identity Verification Requirements

As per the requirements of South Africa's regulations, these are the following ID attributes required for the purpose of identifying a natural person (Individual) from official documents.

- Name and surname;
- Gender;
- Person's identifying number;
- Nationality;
- Date of birth;
- Address or person's country of residence.

5.2 Compliant CDD Methods

We may apply one or more of the following measures to perform Identity Verification of our User's. Where the User is an individual, who does not present himself to us for verification in physical presence

- 5.2.1 We shall perform verification of the User's identity on the basis of documents that are highlighted in 5.3 below. These documents provide reasonable reliability to the confirmation of the identity in South Africa. We ensure that documents being utilized are photo-based biometric identification documents that suffice requirements for Identity Verification.
- 5.2.2 For the purpose of verifying the User's identity, we shall also verify the documents that are submitted. We utilize our specialized Document Verification service to perform checks on the authenticity of the document. This includes checks on security features such as holograms, tapered/crumpled edges, doctored elements, form inconsistencies, document expiration, MRZ, reflected colors and microprinting.

5.3 Documents Required for Verification

The following documents are considered in South Africa as Proof of Identity:

5.3.1 Identity Verification

- A valid passport
- A current driving license
- Identity Card

5.3.2 Address Verification

The following documents are considered as proof of residential address:

- A current utility bill (such as gas, electricity, telephone, or mobile phone bill);
- A document issued by a government department that shows the User's address;
- A bank statement (no older than 3 months that shows the User's address).

5.4 Timing of Verification

Identity Verification is not limited to a one-time, one instance process. In fact, it is required in multiple instances as per regulations. The application and choice of when to deploy Identity Verification procedures depend on your requirements and it's conveyance to gazataDotCo.

We pursue Identity Verification when you onboard a new Customer/User. If we are dealing with transaction data, we apply Identity Verification as per the monetary thresholds defined in South Africa's regulations. In other instances, Identity Verification becomes more important to employ if we face higher risks from our Customers/Users. A high-risk situation would be any instance where an Individual might represent above normal exposure of money laundering related threats to us.

6. Politically Exposed Persons and EDD Measures

As per the Enhanced Due Diligence requirements under South African regulations, we are required to determine if our Customer/User is a Politically Exposed Person (PEP), holds a public office, or exhibits a higher risk profile. In order to fulfill this obligations, we undertake through a third-party service provider an *AML Screening service*.

The service screens an individual's selected ID attributes of *Name* and *DOB* against watchlists of global regulatory authorities, foreign and domestic databases, compromised PEPs and sanctioned individuals.

The service highlights the category of the PEP based on the degree of risks they pose and also any immediate family member, or a close associate of the PEP.

We utilize such services as per our requirements. This includes before or after establishing a relationship with the Customer/User.

7. Reliance on External Services

South Africa's regulations state that we may seek the services of a third party to apply measures of due diligence. Regulations also require us to collect all such data (Diligence Information) from the third party, without undue delay.

South Africa's regulations also state that we, regardless of reliance on a third-party, remain liable for maintaining all such compliance and fulfilling AML and KYC obligations.

8. Record Retention

As per the South Africa's regulations, we are required to retain data for not less than five (5) years. These are a part of our AML and KYC obligations for due diligence. In the case where this information is processed, collected, and managed by a relevant third-party. We are liable to collect all such necessary information (Due Diligence Data) from the third party without undue delay.